

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

RECEIVED
DEC 11 2006

---ooOoo---

DIV. OF OIL, GAS & MINING

SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Steven Gale** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **S/001/038** which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:

- A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and

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0002 Public File

0001 Bond File - Conf.

workings; refuse banks or spoil piles; evaporation or settling ponds; stockpiles; leaching dumps; placer areas; tailings ponds or dumps; work, parking, storage, and waste discharge areas, structures, and facilities; and

- B. All mining disturbances regardless of discrepancies in the map and legal description, unless explicitly and clearly identified as EXCLUDED on maps, and legal descriptions included in the Complete NOI; provided lands may be excluded only if: (1) they were disturbed by mining operations that ceased prior to July 1, 1977; (2) the lands would be included but have been reclaimed in accordance with a complete notice or reclamation plan; or (3) the lands were disturbed by a prior operation for which there is no surety, no legally responsible entity or person, and which lands are not necessarily or incidentally intended to be affected by the mining operations as described in the Complete NOI.
- 3. The Operator shall be responsible for reclamation of all such Lands Affected regardless of errors or discrepancies in the maps or legal descriptions provided with the NOI which are intended to assist in determining the location of the mining operations, to describe the areas of disturbance, and to assist estimating the amount of surety required.
 - 4. The Operator prior to commencement of any mining operations and as a precondition to the rights under the Notice of Intention shall provide a surety in a form permitted by the Act and in an amount sufficient to assure that reclamation of the Lands Affected will be completed as required by the Act. The Surety shall remain in full force and effect according to its terms unless modified by the Division in writing. A copy of the agreement providing for the Surety for the reclamation obligations herein is included as **ATTACHMENT A** to this Contract.
 - 5. If the Surety expressly provides for cancellation or termination for non-renewal:
 - A. The Operator shall within 60 days following the Division's receipt of notice that the Surety will be terminated or cancelled, provide a replacement Surety sufficient in a form and amount, as required by the Act, to replace the cancelled surety; or
 - B. If the Operator fails to provide an acceptable replacement Surety within 60 days of notice of cancellation or termination, the Division may order the Operator to cease further mining activities, and without further notice proceed to draw upon letters of credit, to withdraw any amounts in certificates of deposit or cash and/or any other forms of surety, and to otherwise take such action as may be necessary to secure the rights of the Division to perfect its claim on the existing surety

for the purpose of fully satisfying all of the reclamation obligations incurred by the Operator prior to the date of termination, and the Division may thereafter require the Operator to begin immediate reclamation of the Lands Affected by the mining operations, and may, if necessary, proceed to take such further actions as may be required for the Division to forfeit the surety for the purpose of reclaiming the Lands Affected.

6. The Operator's liability under this Contract shall continue in full force and effect until the Division finds that the Operator has reclaimed the Lands Affected by mining operations in accordance with the Act and regulations, as amended. If the mining operations are modified or for any other reason vary from those described in the Complete Notice of Intention, the Operator shall immediately advise the Division, and the Notice of Intention shall be revised and the Surety amount shall be adjusted as necessary.
7. If reclamation of a substantial phase or segment of the Lands Affected by the mining operations is completed to the satisfaction of the Division, and the Division finds that such substantial phases or segments are severable from the remainder of the mining area, Operator may request the Division to find that Operator has reclaimed such area. If the Division makes such finding, Operator may make request to the Division for a reduction in the aggregate face amount of the Surety, and the Division may reduce the surety to an amount necessary to complete reclamation of the remaining mining operations as anticipated by the Complete Notice of Intention in accordance with the requirements of the Act and regulations, as amended.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the applicable rules.
9. Operator agrees to pay all legally determined public liability and property damage claims resulting from mining operations, to pay all permit fees, to maintain suitable records, to file all required reports, to permit reasonable inspections, and to fulfill all sundry reporting requirements applicable to the mine as required by the Act and implementing rules.
10. Operator agrees to indemnify and hold harmless the State, Board, and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
11. If Operator shall default in the performance of its obligations hereunder, Operator shall be liable for all damages resulting from the breach hereof including all costs, expenses, and reasonable attorney's fees incurred by the Division and/or the Board in the enforcement of this Contract.

12. Any breach of a material provision of this Contract by Operator may, at the discretion of the Division, in addition to other remedies available to it, result in an order by the Division requiring the Operator to cease mining operations, and may thereafter result in an Order, subject to an opportunity for notice and hearing before the Board, withdrawing and revoking the Notice of Intention, and requiring immediate reclamation by the Operator of the Lands Affected or forfeiture of the Surety.
13. In the event of forfeiture of the Surety, Operator shall be liable for any additional costs in excess of the surety amount that is required to comply with this Contract. Upon completion of the reclamation of all of the Lands Affected, any excess monies resulting from forfeiture of the Surety shall be returned to the rightful claimant.
14. The Operator shall notify the Division immediately of any changes in the Operator's registered agent, the Operator's address, form of business, name of business, significant changes in ownership, and other pertinent changes in the information required as part of the Notice of Intention. Notwithstanding this requirement, any changes to the Notice of Intention, and any errors, omissions, or failures to fully or accurately complete or update the information on the Notice of Intention, or the attached maps, shall not affect the validity of this Contract and the rights of the Division to enforce its terms.
15. If requested by the Division, the Operator shall execute addendums to this Contract to add or substitute parties, or to reflect changes in the Operator, Surety, and otherwise modify the Contract to reflect changes in the mining operations as requested by the Division. All modifications must be in writing and signed by the parties, and no verbal agreements, or modifications in any of the terms or conditions shall be enforceable.
16. This Contract shall be governed and construed in accordance with the laws of the State of Utah.

The signatory below represents that the Operator, if not a natural person, is a properly organized entity in good standing under the laws of Utah and the United States, is registered as an entity authorized to do business in the State of Utah, and that he/she is authorized to execute this Contract on behalf of the entity as Operator.

OPERATOR:

Steven Gale
Operator Name

By Steven Gale
Authorized Officer (Typed or Printed)
Individual
Authorized Officer - Position

[Signature] 12/8/06
Officer's Signature Date

STATE OF Utah)
COUNTY OF Beaver) ss:

On the 8th day of Dec., 2006, Steven Gale
personally appeared before me, who being by me duly sworn did say that
he/she is an partner (owner, officer, director, partner, agent
or other (specify)) of the Operator _____ and duly
acknowledged that said instrument was signed on behalf of said Operator by
authority of its bylaws, a resolution of its board of directors or as may otherwise
be required to execute the same with full authority and to be bound hereby.

Cindy Peterson
Notary Public
Residing at Beaver, Utah
10/7/08
My Commission Expires:



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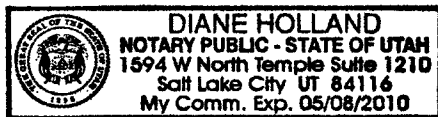
DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

12/22/2006
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 22 day of December, 2006, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

05-08-2010
My Commission Expires:

FACT SHEET

Commodity: MARBLE/ORNAMENT
Mine Name: ANVAL 1 & 2
County: Juab
Disturbed Acres: 0.5 or less

Operator Name: Steven Gale
Operator address: PO BOX 855 BEAVER UT 84713
Operator telephone: (435) 438-5676
Contact: Steven Gale
Operator email: none

Reclamation surety amount has yet to be determined, based on permit of 5-acres, surety amount is \$18,600.00. Operator must modify permit identifying disturbed acres if less than 5 acres.

Surety: BLM Administered cash bond (supporting documentation provided to DOGM)
Bank Name: Suspense fund, BLM
Surety Amount: \$1600.00 (\$500.00 and \$1100.00)
Surety Contact: BLM, Opie Abeyata 801-539-4123

Escalation year: 2009

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Div. of Oil, Gas & Mining



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

IN REPLY REFER TO:
3809
(UT-924-OA)
UTU-72221

COPY

October 2, 2003

CERTIFIED MAIL-RETURN RECEIPT REQUESTED

DECISION

Obligor/Operator:	:	Notice Operation:	UTU-72221
Steven Gale	:		
P. O. Box 855	:	Bond Amount:	\$1,600.00
Beaver, UT 84713	:		

Financial Guarantee Accepted

Notice Extended

On January 2, 2003, you filed a notice extending the above-mentioned notice with the Cedar City Field Office, Bureau of Land Management (BLM). The reclamation cost estimate is determined to be \$1,600.

On August 22, 2003, this office received a Surface Management Personal Bond contract for \$1,600 and \$1,100 (certified check) in the form of a cash bond; on September 29, 2003, we received \$500 (certified check) in the form of a cash bond to secure a bond. The bond and the financial document have been examined and found satisfactory. The financial guarantee is accepted as of September 29, 2003, and accordingly, the above-mentioned notice is extended until January 20, 2005.

The bond covers operations conducted by or on behalf of the obligor/operator on the above-mentioned notice. Enclosed is a copy of the bond contract and accounting receipt for your records.

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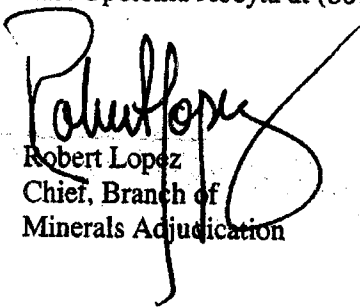
DIV. OF OIL, GAS & MINING

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Attachment A

The funds will be retained in a suspense account until all terms and conditions of the notice have been fulfilled or until satisfactory replacement bond coverage has been accepted, at which time this office will authorize a refund of the cash deposit.

If you have any questions concerning the bond, please contact Opolonia Abeyta at (801) 539-4123.


Robert Lopez
Chief, Branch of
Minerals Adjudication

Enclosure
Receipt

cc: Steven Hodges, Claimant/Operator
Ed Ginouves, Cedar City Field Office, UT-040
Terry Snyder, Utah State Office, UT-923
Wayne Hedberg, UDOGM, File No. S/001/038

COPY

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

SURFACE MANAGEMENT PERSONAL BOND

Act of May 10, 1872, as amended (30 U.S.C. 22-54)
Act of October 21, 1976, as amended (43 U.S.C. 1732-35, 1782)
Act of September 13, 1982 (31 U.S.C. 9301 et seq.)
Act of September 27, 1988 (102 Stat. 1776)
Act of April 16, 1993 (43 U.S.C. 299)

FORM APPROVED
OMB NO. 1004-0194
Expires: November 30, 2003

Plan of Operations/Notice UT4 72221 Statewide UT Nationwide _____
(Name of State, if applicable) ("Yes" - if applicable)

KNOW ALL MEN BY THESE PRESENTS, THAT

Steven Gale of SAS mining
of PO Box Beaver Utah 84713
(name) (address)

as principal; is held firmly bound unto the United States of America in the sum of Sixteen Hundred Dollars

lawful money of the United States, which may be increased or decreased by a rider hereon executed in the same manner as this bond. \$1600.00 dollars (\$ 1600.00).

The principal, pursuant to the authority conferred by Section 1 of the Act of September 13, 1982 (31 U.S.C. 9303), does hereby constitute and appoint the Secretary of the Interior to act as his attorney-in-fact for the purpose of negotiating the cash, letters of credit, savings accounts, certificates of deposit, or securities. The interest accruing on the United States securities, cash, or other instruments given above, in the absence of any default in the performance of any of the conditions, or stipulations set forth in this bond, the plan of operations/notice, must be paid to the principal. The principal hereby, for any heirs, executors, administrators, successors, and assignees, jointly and severally, ratifies and confirms whatever the Secretary will do by virtue of these presents.

The Secretary will transfer this deposit for the faithful performance of any and all of the conditions and stipulations as set forth in this bond, the plan of operations/notice cited above, and the regulations at 43 CFR Subpart 3809 and Subpart 3802. In the case of any default in the performance of the conditions and stipulations of such undertaking, it is agreed that the Secretary will have full power to assign, appropriate, apply, or transfer the deposit, or any portion thereof, to the satisfaction of any damages, reclamation, assessments, penalties, or deficiencies arising by reason of such default.

BOND CONDITIONS

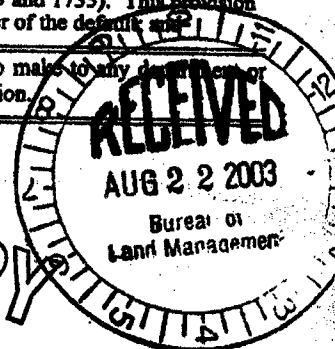
- WHEREAS the principal has an interest in a mining claim(s), millsite(s), or tunnel site(s) and/or responsibility for operations and/or reclamation on the mining claim(s), millsite(s), tunnel site(s) or public lands under the Acts cited in the bond; and
- WHEREAS the principal has filed an acceptable notice with the United States Department of the Interior and/or received approval from the United States Department of the Interior of the plan of operations cited above and said plan of operations/notice contains certain stipulations and conditions; and
- WHEREAS the principal hereby waives any right to notice of, and agrees that this bond will remain in full force and effect notwithstanding:
 - Any transfer(s) in whole or in part, of any or all of the land covered by the plan of operations/notice further agrees to remain bound under this bond as to the interests in the plan of operations/notice retained by the principal; and
 - Any modification of the plan of operations/notice or obligations thereunder; and
- WHEREAS the principal hereby agrees that notwithstanding the cancellation or relinquishment of any mining claim(s), millsite(s), or tunnelsite(s) covered by this plan of operations/notice, whether by operation of law or otherwise, the bond will remain in full force and effect as to the terms and conditions of the plan of operations/notice, and obligations covered by this bond; and
- WHEREAS the principal agrees that in the event of any default under the plan of operations/notice and/or reclamation plan the bond may be forfeited and, the United States, through the Bureau of Land Management, may commence and prosecute any claim, suit, or other proceeding against the principal without the necessity of joining the owner(s) of the mining claim(s), millsite(s), or tunnelsite(s) covered by the plan of operations/notice; and
- WHEREAS if the principal fails to comply with the provisions of 43 CFR 3809.595, the principal will also be subject to the applicable provisions and penalties of Sections 303 and 305 of the Federal Land Policy and Management Act of 1976, as amended (43 U.S.C. 1733 and 1735). This provision will not be construed to prevent the exercise by the United States of any other legal and equitable remedy, including waiver of the default.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false fictitious, or fraudulent statements or representations as to any matter within its jurisdiction.

(Continued on reverse)

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Attachment A

BOND CONDITIONS (Continued)

7. WHEREAS, on the faith of the foregoing promises, representations, and appointments, and in consideration of this bond, the United States has accepted the plan of operations/notice referenced herein.
8. NOW, THEREFORE, the condition of this obligation is such that if said principal(s), heirs, executors, administrators, successors, or assignees will, in all respects, faithfully comply with all of the provisions of the plan of operations/notice referenced herein, any amendments thereto, and the rules and regulations contained in 43 CFR Subpart 3809 or Subpart 3802, as applicable, then this obligation will be null and void; otherwise it will remain in full force and effect.

Signed this 20 day of Aug, 2003:

ACKNOWLEDGEMENT:

By [Signature]

Subscribed and sworn to before me this 20th day

of August, 2003

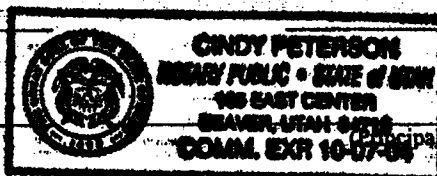
Title _____

Business Address _____

Cindy Peterson
(Notary Public)

10/7/04

(Date Commission Expires)



(Principal's EIN or SSN No.) _____

[SEAL]

[SEAL]

If this bond is signed by a corporation, it must bear the seal of the corporation

The Privacy Act of 1974 and the regulation in 43 CFR 2.48(d) provide that you be furnished the following information in connection with information required by this application.

AUTHORITY: 30 U.S.C. 22 et seq.; 43 U.S.C. 1732[b] and 1782[c]; 31 U.S.C. 9301 et seq.; 43 CFR 3802 and 3809.

PRINCIPAL PURPOSE: Information is being used to establish financial responsibility for surface disturbance on public lands.

ROUTINE USES: BLM will only disclose the information according to the regulations at 43 CFR 2.56 (d).

EFFECT OF NOT PROVIDING INFORMATION: Disclosure of the information is necessary to receive a benefit. Failure to disclose this information may result in BLM's rejection of your application.

The Paperwork Reduction Act of 1995 requires us to inform you that:

BLM collects this information to grant the right to conduct exploration and mining activities on public lands.

Response to this request is required to obtain a benefit.

BLM would like you to know that you do not have to respond to this or any other Federal agency-sponsored information collection unless it displays a currently valid OMB control number.

BURDEN HOURS STATEMENT

Public reporting burden for this form is estimated to average 8 minutes per response, including the time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. Direct comments regarding the burden estimate or any other aspect of this form to U.S. Department of the Interior, Bureau of Land Management (1004-0194), Bureau Information Collection Clearance Officer (WO-630), 1849 C Street, N.W., Washington, D.C. 20240.

COPY

United States Department of the Interior
Bureau of Land Management
 UTAH STATE OFFICE
 P.O. BOX 45155 ACCOUNTS UNIT
 SALT LAKE CITY, UT 84145 -0155
 Phone: (801) 539-4006

Transaction #: 766128

Date of Transaction: 08/22/2003

STEVEN GALE
 SRS MINING
 PO BOX 855
 BEAVER, UT 84713

LINE #	QTY	DESCRIPTION	REMARKS	UNIT PRICE	TOTAL
1	1.00	LOCATABLE MINERALS / 3809/3802 SURFACE MGT BONDS / CASH BOND FILED (455) CASES: UTU 072221/\$1100.00		- n/a -	
TOTAL:					\$1,100.00

PAYMENT INFORMATION						
1		\$1,100.00	DATE PAID	08/20/2003		
		CHECK	DATE PAID	08/22/2003		
		58551				
		SRS MINING PO BOX 855 BEAVER UT 84713				

This receipt was generated by the automated BLM Collections and Billing System and is a paper representation of a portion of the official electronic record contained therein.

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COPY

Attachment A



State of Utah

**Department of
Natural Resources**

MICHAEL R. STYLER
Executive Director

**Division of
Oil, Gas & Mining**

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

December 19, 2006

TO: File

THRU: Daron Haddock, Compliance Officer

THRU: Tom Munson, Reclamation Specialist *TM*

FROM: Beth Ericksen, Surety Coordinator *BE*

SUBJECT: Anval 1 & 2, Steven Gale, S/001/038, Beaver County, Utah

Mr. Steven Gale submitted a cash bond to the BLM in the amount of \$1,600.00, which was accepted by the BLM on October 2, 2003.

The bond is administered and will continue to be administered by the BLM head office. According to R647-3-111.2, the Division will not require a separate surety where the form and amount of surety is acceptable to the Division, provided that the cost estimate is accurate and the Division is named as co-beneficiary. ✓

In the case of this cash bond, the Division is named on the BLM form, 3809-2, Surface Management Personal Bond, however is not directly named as co-beneficiary to the BLM suspense account where the monies are held. Since the Division cannot be named directly on the BLM suspense account, it will be considered acceptable to be named on Form 3809-2. However, the bond conditions identified on this form pertain to the BLM only. The reclamation contract identifies the terms and conditions entered into between the Operator and the Division. The Division will keep copies of the reclamation surety information. The BLM will notify the Division as updates and revisions to the surety occur.

The BLM and the Division do not have a signed MOU outlining the roles and responsibilities of the BLM and OGM in the administration of reclamation sureties for mining operations on BLM lands. Recent conversations with Mr. Doug Bauer, BLM, have resulted in the verbal agreement that the Division and the BLM are cooperatively acting under the terms identified in the unexecuted MOU. ✓

Specifically:

- The BLM will not release the reclamation surety until all applicable standards of OGM have been satisfied, and the BLM has received written consent of OGM in accordance with the procedures and requirements of the Utah Mined Land Reclamation Act and associated rules as amended.
- If the mine operator fails to comply with any provision of the plan of operations as amended, each agency, the BLM and OGM, mutually agree to allow cancellation, suspension, or withdrawal of the permit as necessary. In this case, because the BLM is the lead agency regarding the surety, such a Division request will result in BLM approval.

The Division will accept this BLM administered cash surety. Technically, OGM is not named as co-beneficiary to the suspense account, therefore, does not have authority to negotiate these funds. However, upon the basis of good faith actions between OGM and BLM, there will be cooperative efforts to achieve reclamation in the event the Operator fails to perform the reclamation affected by mining operations.

The required surety amount for Mr. Gales site has yet to be determined. However, the cash amount of \$1600.00 will apply toward his total reclamation surety obligation.